JUSTIFICATION AND APPROVAL
TO PROCURE USING OTHER THAN FULL AND OPEN COMPETITION

Upon the basis of the following justification, I as Contracting Officer hereby approve use of the other than Full and Open competition for the proposed contractual action pursuant to the authority of 10 USC 2304(c)(2), Unusual and Compelling Urgency.

JUSTIFICATION

1. IDENTIFICATION OF AGENCY AND CONTRACTING ACTIVITY:

The requiring activity is DLA/FRC Southwest, shop 97801, San Diego, CA. The Contracting Activity is the Fleet Logistics Center, San Diego, CA (FLCSD). The Contracting Department point of contact is Luis De La Fuente, Code 240, (619) 556-5905, luis.delafuente@navy.mil.

2. NATURE AND DESCRIPTION OF THE ACTION BEING APPROVED:

This justification seeks approval for the procurement on an unusual and compelling urgent basis for the machining services to facilitate the repair of LM2500 marine gas turbine components. At this time, the only vendor that is NAVSEA qualified and certified for repair of these components and can meet the Navy's required delivery date is Motor Turbine Union (MTU), Canada.

3. DESCRIPTION OF SUPPLIES/SERVICES REQUIRED:

The services to be procured are contractor labor services to provide all labor, material and facilities as may be required to machine the abradable rub coat on the compressor stator lands, assemble the stator case with supplied hardware, measure the stator case lands and vanes, tip-grind stator case vanes to 'match grind' requirements, and machine abradable rub coat of the stage 3-9 spool lands. Seven stator cases are in need of machining lands, the same seven stator cases are in need of assembly for grind, the same seven cases plus one more case are in need of measuring/vane tip grinding. Repair of the LM2500 components will be accomplished in accordance with the statement of work, associated Original Equipment Manufacturer (OEM) LM2500 technical specifications, drawings and applicable technical manuals. Due to the urgency of the requirement the requiring activity is seeking a direct award to the selected qualified small business source. The required delivery date is 45 days or sooner after receipt of an issued order. Therefore, the government cannot wait the required 45 days for an approved and published sole source Justification and Approval (J&A).

4. IDENTIFICATION OF THE STATUTORY AUTHORITY PERMITTING OTHER THAN FULL AND OPEN COMPETITION:

The statutory authority permitting other than full and open competition is 10 U.S.C. 2304(c) (2), "Unusual and Compelling Urgency", as implemented by part 6.302-2(a)(2) of the Federal Acquisition Regulations.

5. DEMONSTRATION THAT THE PROPOSED CONTRACTOR(S) UNIQUE QUALIFICATION OR THE NATURE OF THE ACQUISITION REQUIRES USE OF THE AUTHORITY CITED:

Due to the failure of FRCSW's Vertical Turret Lathe (VTL) which is the primary piece of equipment that allows the Government to repair engine components, FRCSW has been unable to repair any engine components. As such, Fleet engine assets continue to be depleted. It is now critical that an outside vendor repair the component to facilitate the build-up of ready for issue (RFI) engines for shipboard use. FRCSW currently has 7 engines requiring repair with a turn-around time of 45 days by MTU. At the current use rate and considering the average build time of an engine the Navy presently has zero fleet assets available and is unable to supply any engine for shipboard use. This critical system requires priority due to its impact in not being able to supply the forward deployed DDG Fleet. Without the required engine components, were the engine to fail, a ship would be dead in the water and unable to continue its deployment as scheduled. If the engine fails while the ship is in port, the ship would not be able to deploy and meet its commitments. It is not outside the realm of probability that lives may be lost if there is engine failure and the ship is unable to continue with its missions.

The requirement described in paragraph 3 above necessitates that a qualified contractor have intricate knowledge of the repair procedures used to repair LM2500 components. NAVSEA, Code 9330 is the cognizant U.S. Navy activity in charge of the Navy wide LM2500 program. A known vendor, Motor Turbine Union (MTU), Canada has been determined qualified by NAVSEA as an authorized LM2500 Gas Turbine Assembly Component Repair Source. They are certified to perform all aspects of repair on the stator case and rotor spool. An FRCSW engineering representative acting as a direct Government representative of NAVSEA performed a site survey at the MTU facility and certified that MTU is capable of performing LM2500 repairs. The report was submitted to NAVSEA on 9/6/2011 and, based on the report NAVSEA has approved and provided for MTU's official certification. The contractor MTU possesses the requisite technical capability and expertise to provide all necessary labor and materials required to repair the LM2500 components.

6. EFFORTS MADE TO ENSURE THAT OFFERS ARE SOLICITED FROM AS MANY SOURCES AS POSSIBLE:

At present the only two known qualified vendors that can realistically meet the Government's requirement (LM2500) are MTU and the OEM, General Electric Corporation. FRCSW contacted the OEM and was informed by the OEM that this repair cannot be accomplished by them at this time due to their current existing workload and prior commitments. Further, FRCSW was told that it would be quite some time before they would be in a position to take on any repairs of the LM2500. The OEM advised FRCSW to contact the only other vendor that they have officially certified to work on LM2500's which is MTU.

7. CONTRACTING OFFICER DETERMINATION OF FAIR AND REASONABLE COST:

The Contracting Officer will determine the price to be fair and reasonable through price analysis.

8. DESCRIPTION OF THE MARKET SURVEY OR REASONS WHY ONE WAS NOT CONDUCTED:

A market survey was conducted specifically using 'match grinding' compressor to rotor as the criteria. What FRCSW found was that there were several companies that advertised as being capable of repairing LM2500 engines. These companies were Wood Group Pratt & Whitney and Chromalloy.

After further discussions with both these companies, FRCSW was advised by both vendors that while they can do some repair functions on the engines, they send their engines to MTU for the type of work FRCSW requires as they are not NAVSEA or OEM certified for work at that level. At present neither company is looking to get certified based on the costs they would have to incur to meet certification requirements.

9. ADDITIONAL FACTS WHICH SUPPORT THE USE OF OTHER THAN FULL AND OPEN COMPETITION:

FRCSW is the sole supplier of U. S. Navy's Fleet LM2500 engine pool. This pool is the sole source of engines for fleet ships using the LM2500. Due to failure of FRCSW's vertical turret lathe, which is the primary machine that allows the Department of Defense to overhaul engine components, all repairs to engine components have not been possible since June 2011, the date that the vertical turret lathe machine broke down. **This work stoppage has led to a depletion of engine assets limiting the ability for the United States Navy to propel its ships and meet its national security requirements and the deployments that support them.** It is now critical that an outside vendor temporarily supplant the repair functionality lost in FRCSW's VTL. Due to the high cost of repairing and/or buying a new VTL, it is not known when or if this will happen. Discussions on this matter have been ongoing at levels above FRCSW.

It is now critical that an outside vendor repair the components to facilitate the build-up of RFI engines for shipboard use as there are currently zero assets available. Considering the average build time (45 days) of an engine by MTU, we will be unable to meet fleet demand in two months. Unavailability of RFI engines directly affect the critical propulsion system of forward deployed ships and ultimately fleet readiness.